

# **Emergency Assistance & Reforms Consistent with Statutory PAYGO**

**EXTENSION OF UNEMPLOYMENT INSURANCE PROGRAMS** – HR 4213 would continue federal support for extended unemployment compensation programs through December. This includes both the Emergency Unemployment Compensation (EUC) program and 100% federal funding for the Extended Benefits (EB) program, which under permanent law is a 50/50 federal/State funded program. The bill also would extend the Federal Additional Compensation (FAC) program, which increases all UI benefits by \$25 a week.

Without this extension, funding for extended benefits will begin to phase out after the last week in May. The Department of Labor projects that if Congress fails to extend the current federal support for extended unemployment compensation, over 1.2 million jobless workers will lose all access to benefits by the end of June, and nearly 5 million will lose unemployment benefits by the end of the year.

**COBRA SUBSIDIES** – The COBRA subsidy pays 65% of COBRA health insurance continuation premiums for workers and their families who have been involuntarily terminated. HR 4213 will extend the eligibility date for this benefit until December 31, 2010. With COBRA premiums averaging over \$1000 a month for a family of four, this financial assistance is vitally needed to maintain health insurance for workers and their families who are between jobs. Without the assistance, the average COBRA premium would consume 84% of average unemployment benefits.

**FEDERAL MEDICAID ASSISTANCE (FMAP)** – The Recovery Act provided critical federal support for state Medicaid programs through December 31, 2010, this bill would extend that assistance into FY2011. If this bill is not passed, then States will have little choice but to cut their Medicaid spending, in some cases drastically, by narrowing benefits and lowering payments to hospitals, nursing homes, physicians, pharmacies, and other providers – payments that are often already too low. These cutbacks will place a drag on the economy and result in more job losses.

The next state fiscal year begins on July 1, 2010, in most states, and many states are still waiting for guidance from the federal government on whether or not the FMAP increase will continue after December 31. Without FMAP assistance, states will enact deep budget cuts and/or tax increases that will drag GDP down even further. The budget gaps, which States must close for the fiscal year starting next July, total \$140 billion over the next fiscal year. According to standard economic measures, these actions could cost the economy up to 900,000 jobs next year.

According to CBO, temporary FMAP assistance, similar to UI benefits, is one of the most effective measures to create jobs and increase demand in the economy.

**MAINTAINING ACCESS TO AFFORDABLE HEALTH CARE – HR 4213** includes a reasonable update in the payment rate for physicians who take Medicare patients. Without this provision, payment rates for Medicare physicians would drop by over 20 percent in less than 2 weeks, creating the potential for doctors to leave Medicare in droves.

The impact of this attrition would directly hurt seniors and people with disabilities, because they wouldn't be able to get access to the care they need. It would also lead to more people needing costly emergency room care as a result of a lack of access to doctors or preventive care. The same goes for military retirees and their families because payment rates in TRICARE are tied to those in Medicare. The bill would provide relief from these payment cuts in order to maintain health care access for millions of Medicare and TRICARE patients.